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Smith
with

CENTRAL INTELLIGENCE AGENCY
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MEMORANDUM

WEST EUROPEAN PERCEPTIONS OF US
NONPROLIFERATION POLICY []

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Summary

West European attitudes toward US nonproliferation policy are not uniform. There is a degree of sympathy for the US effort to slow the spread of potentially sensitive nuclear technology. Nonetheless, there has always been a strong element of suspicion among the West Europeans that Washington prefers to keep its allies in a dependent position concerning access to nuclear fuel, equipment and technology. This suspicion, which dates at least to the 1960s, recently has fostered resentment of US attempts to discourage West European programs designed to achieve energy security through reliance on a plutonium-based nuclear fuel cycle. []

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In view of the reassessment of nonproliferation policies now occurring in both the executive and legislative branches of the US Government, most West European governments are not inclined to make any new commitments to Washington on the matter of safeguards requirements for nuclear exports. Most West European officials want to get through the NPT Review Conference (scheduled for August and September in Geneva) without further antagonizing Third World countries which resent existing restrictions on the transfer of nuclear fuel and technology. Most EURATOM members probably wish to defer further dialogue with the United States on the future direction on nonproliferation policy until the US election is held this November. []

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West European views of US nonproliferation policies vary considerably from country to country. Several nations--such as Sweden, Austria, the Netherlands, Denmark, and to a lesser extent West Germany--have a sizable segment of public opinion that has strong reservations about the development of nuclear power programs despite the increasing cost of imported fossil fuels. This sentiment implies not only a public concern about the dangers associated with nuclear technology but an apparent lack of interest in the question of whether or not the United States is a reliable supplier. Furthermore, some West European countries--Italy is a good example--have had so many problems in implementing their plans for a nuclear power program, that the issues associated with the United States as a supplier are in practical terms insignificant. [REDACTED]

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Nevertheless, throughout Western Europe there is an undeniable sense of resentment toward the United States for its adoption of what is regarded as a highly restrictive nuclear export policy and its attempts to persuade other suppliers to follow suit. This resentment considerably pre-dates the present Administration and the passage of the Nuclear Nonproliferation Act in 1978. It has taken various forms over the years depending upon the progress of the major West European countries have achieved in their long-term objective of establishing more independent nuclear fuel cycles. The suspicion in Western Europe that Washington did not favor the development of civilian nuclear power programs independent of US control was evident in the 1960s when the US sought to persuade West European utilities to select power reactors that use enriched rather than natural uranium. Few of the nations that chose to purchase US-designed light water reactors doubted that they were importing the most advanced and reliable nuclear technology, but most were also aware that the United States did not look with favor on plans for European-owned facilities to produce enriched uranium. [REDACTED]

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This suspicion grew into resentment in September 1973 when Washington announced that West European utilities henceforth would have to sign significantly longer-term contracts for uranium enrichment services. At this time, the Europeans did not question the reliability of the United States as a supplier, but rather they feared that Washington wanted to preserve its near monopoly in the nuclear field as part of a general effort to contain the growing economic threat from the European Community. [REDACTED]

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The fact that the far more rigid terms for future uranium enrichment contracts were announced on the eve of OPEC's oil embargo and price increases has never been forgotten in West European political circles, particularly in France. [REDACTED]

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From this historical perspective, many West European political and business leaders often interpret more recent US actions as reflections of an underlying desire by Washington to utilize what leverage remains of our declining position in the international nuclear market place. Some West European leaders acknowledge that the impulse to regulate nuclear commerce, which they consider characteristic of US nonproliferation policies, reflects genuine concerns about the dangers in the unrestricted spread of advanced nuclear technology. Indeed, most recognize that it was the Indian nuclear explosion in May 1974 that gave the real impetus to Washington's desire for a more restrictive export policy. [REDACTED]

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Nevertheless, there is still a strong inclination to interpret this thrust of US policy in terms of American self-interest, whether it is seen as a US effort to preserve its leadership position vis-a-vis the Western allies or to make life more difficult for its commercial competitors. On the latter score, West European leaders have become increasingly aware that the United States has pursued its nonproliferation policy at considerable cost to its own nuclear industry. More than one representative of European firms that export nuclear reactors has admitted that the restrictive US export regime has been a "boon". This being the case, it is entirely possible that some European reactor manufacturers might "resent" any development that suggests the US Government is easing its restrictions so as to make our firms more competitive in the international nuclear market. [REDACTED]

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A "softening" of US nonproliferation policies, however, would make life easier for the French and West German Governments which resent the constant US pressure for applying full-scope safeguards on nuclear transfers to nations that have not ratified the Nonproliferation Treaty. The actual economic advantage in pursuing a more liberal export policy than Washington currently has is not easy to calculate, as the market for large sales of nuclear reactors and related technology to non-NPT states is not unlimited. Nevertheless, the serious prospect of economic recession in several industrial nations will encourage the West Europeans to resist Washington's pleas for additional non-proliferation measures that might threaten a loss of sales. This resistance could be particularly strong in cases where access to petroleum appears to be at stake in the negotiations of nuclear deals with oil-producing states such as Iraq. [REDACTED]

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The fundamental interest that most West European nations have in energy security underscores the other difficulty that they have with US nonproliferation policy--namely, our attempt to exert greater control over the disposition of spent fuel. The US insistence on the right of "prior consent" before permitting EURATOM

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members to reprocess, enrich, or retransfer nuclear material originally supplied by the United States is a major irritant. The US request thus far has not caused any major disruption of commercial power programs, but in the long run the French, West Germans, and some of the smaller West European countries want unrestricted freedom to reprocess spent fuel as an essential step in the operation of reactors based on the plutonium fuel cycle. In view of the probable continued escalation in the cost of fossil fuels, there is little reason to believe that this desire to achieve greater energy security will abate in the 1980s. As a result, aspects of US nonproliferation policy that restrict the ability of EURATOM members to reprocess or retransfer spent fuel will continue to receive sharp criticism, as least among those West European governments capable of proceeding with full-scale nuclear power programs. [redacted]

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Given these concerns, most West Europeans will not be eager to do business with the United States if they suspect they will have to deal with added restrictions related to our nonproliferation efforts. This is particularly true with respect to London, Paris and Bonn. All three seem to feel the conclusion of the International Nuclear Fuel Cycle Evaluation (INFCE) was a watershed in the industrial world's dialogue on the option to develop a plutonium-based fuel cycle. In particular, the French and the West Germans--to say nothing of the Belgians and Italians --believe they won an important victory in getting the United States to approve the reprocessing and recycling of spent fuel in research programs on the development of advanced fuel cycle concepts. Along with the Japanese, these West European countries may conclude that Washington has given them a "free hand" in the future direction of their nuclear programs. [redacted]

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Moreover, many West European officials probably believe that the momentum behind Washington's nonproliferation policy has for all intents and purposes collapsed. The US offer of renewed military-economic assistance to Pakistan--one of the principal villains in the area of nuclear proliferation-- and the recent presidential decision to approve the shipment of enriched uranium to India--a non-NPT state that adamantly refuses to accept safeguards on all its existing nuclear facilities--encourages the French and West German governments to resist all the more strenuously those aspects of US nonproliferation policies on which they already have serious reservations. This is less true of the British, but London's support will probably not carry much weight in dealing with the EURATOM countries as a group. [redacted]

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The behavior of the French, West Germans, and other EURATOM members during the past few months suggest that they prefer to wait for the Congressional decision on the Tarapur fuel issue and the results of the US election this November before making any major commitments on new nonproliferation measures. The recent caucus of Western nations in preparation for the NPT Review Conference indicated that there is little interest in pushing the full-scope safeguards issue among London Suppliers Group members or with developing nations. In fact, almost all the major West European governments simply want to get through the NPT Review Conference without major damage to the global nonproliferation regime and do not see much value at this point in complicating the situation with an extensive dialogue with the United States unless it serves this purpose. [REDACTED]

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As for the US-EURATOM negotiations over the reprocessing of US-origin spent fuel, none of the major West European governments expects or wants this issue to be resolved before November. One final consideration guarantees that little progress will occur in US-West European discussions on these issues in 1980. The West Germans, who will play an important role in fashioning any new consensus on nonproliferation issues also have national elections in October. While Chancellor Schmidt is likely to win another four-year term, neither he nor his principal cabinet ministers are likely to focus on such issues until after the elections. [REDACTED]

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Despite the importance of the nuclear supply issues and debate discussed above, it would be an exaggeration to characterize them as the "most serious" divisive issue in transatlantic relations. The issues associated with the long-term contribution nuclear energy can make to energy security are tangible but of less importance than those relating to the Soviet "threat" and the status of Western defenses. Furthermore, as noted above, not all West European nations are so committed to nuclear power programs that the issue of US reliability as a nuclear supplier figures prominently in their dealings with Washington. [REDACTED]

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